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FM AMEMBASSY DUSHANBE
TO RUEHC/SECSTATE WASHDC PRIORITY 0174
INFO RUCNCIS/CIS COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0018
RUEHIL/AMEMBASSY ISLAMABAD 0041
RUEHBUL/AMEMBASSY KABUL 0055
RUEHNE/AMEMBASSY NEW DELHI 0022
RUCPDOC/USDOC WASHDC 0011

C O N F I D E N T I A L DUSHANBE 000198

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DEPT FOR SCA/CEN
COMMERCE FOR ITA

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TAGS: [ENRG](#) [EINV](#) [ECON](#) [PREL](#) [TI](#)

SUBJECT: MINISTRY OF FOREIGN AFFAIRS APPEALS FOR AES TO
RETURN TO TAJIKISTAN

Classified By: Tom Hushek, Deputy Chief of Mission, U.S. Embassy Dushanbe, STATE.

REASON: 1.4 (b), (d)

¶1. (C) Summary: At a January 30 meeting with several diplomatic missions and the regional AES representative, Foreign Minister Hamrokhon Zarifi called on AES to stay in Tajikistan. AES did not change its decision to withdraw, but characterized its move as a suspension rather than closure. Tajikistan plans to approach the U.S. Government and AES in Washington to get AES back, and to enlist the aid of the Pakistan and Afghanistan embassies in Washington in this effort. End Summary.

¶2. (C) Minister of Foreign Affairs Zarifi called a meeting in his office on January 30 to discuss the recent decision announced by AES Corporation to suspend its activities in Tajikistan. The Ambassador of Afghanistan, Pakistan's Charge d'Affaires, the World Bank Representative, a representative from the Ministry of Energy, and AES's Central Asian regional manager, Murat Kozhakmetov, participated in the meeting. Emboff observed the meeting.

¶3. (C) Zarifi, looking morose, gave a lugubrious opening speech, saying, "It's not a big deal if an old lady dies, but if death visits a house frequently, that's another matter." He said it was hard for him to bear the news of AES's recent decision to suspend its Tajik operations, and paid some compliments to AES for having worked in Tajikistan over the past few years. He then invited the AES representative to explain his company's decision.

¶4. (C) Then AES Regional Manager then read a prepared statement giving the reasons for AES's decision. He began by saying AES had not closed but only "temporarily suspended" its activity in Tajikistan (at which the Minister laughed bitterly and said "it means the same thing"). AES said the suspension was not related to internal problems in Tajikistan, and AES was grateful to the leaders of Tajikistan for their support. AES pointed to the "high level of risk" in Central Asia, particularly instability in Pakistan and Afghanistan. These two countries were the key consumers of electricity from Central Asia, but AES could not get a "concrete guarantee of security" for its operations in Pakistan and Afghanistan." He added that AES had suffered losses in Venezuela, and had since reassessed its views on political risk worldwide.

¶5. (C) The Afghan and Pakistani representatives made

statements, emphasizing their support for regional power integration, and saying that the security situation in their countries was stable enough for AES to build power infrastructure there. The Pakistani representative said that the stability picture in Pakistan had not worsened, and he saw no increased threat to AES there.

¶6. (C) Zarifi jumped in again, saying that he understood the U.S. Government "policy decision" not to interfere with private companies, but noted that the U.S. effort to stabilize Central Asia and defeat terrorism in the region required economic development and infrastructure improvements more than it needed firepower. He also asserted that there had been almost no attacks on power transmission lines in Afghanistan during the past "20 years of war." Pakistan was quite stable and could pay for electricity, Zarifi said, and Tajikistan had signed agreements with most of its neighbors on electricity sharing. He took a swipe at Uzbekistan at this point, saying "only one country created obstacles" to regional power integration, "but God will solve this problem."

¶7. (C) Zarifi then concluded by saying that AES had no good reason to withdraw from Tajikistan, and should return here "and profit." He added that AES's decision would damage the reputation of the United States in Tajikistan. He urged AES to move its regional headquarters to Dushanbe, saying it would be a better and friendlier environment than Almaty.

¶8. (C) Zarifi said he would instruct the Tajik embassy in Washington to approach the State Department, Commerce Department, and AES headquarters to try to reverse AES's decision. He asked the Afghan and Pakistani representatives to seek the support of their counterparts in Washington to pursue the same objective. The AES representative said he supported this idea.

¶9. (C) Following the meeting the AES representative told emboff that in his view Tajikistan had made "no progress" toward concluding power purchasing agreements with Afghanistan and Pakistan, and this had weighed in AES's decision to close its office in Tajikistan.

¶10. (C) Comment - Theatrics: We have heard that Zarifi's professional reputation rides on his development of "western" relationships, and that the AES withdrawal appeared to him as a career-threatening blow which he had to reverse. The meeting he chaired was theatrical and a bit bizarre, long on speechifying, and to little purpose unless to show that the Minister had done something. Zarifi's comment about our "policy decision" not to interfere with U.S. companies betrays a misunderstanding of the U.S. legal and economic system; his assertion that AES's leaving the region undermined the U.S. reputation showed the confusion of a person who doesn't understand the separation of the private and public sectors in a market economy. Unfortunately, this misunderstanding exists at all levels in Tajik government. Once again, Zarifi failed to recognize any Tajik Government complicity in the risky business environment here. End Comment.

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